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CD/ED

25X1
7 June 1958

25X2
Copy No.

140

CENTRAL INTELLIGENCE BULLETIN



33
DOCUMENT NO.
NO CHANGE IN CLASS.
1.1 DECLASSIFIED
CLASS. CHANGED TO: TS-S-NC
NEXT REVIEW DATE:
AUTH: DR 7012
DATE: 31/12/82 REVIEWER:

25X3
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CENTRAL INTELLIGENCE BULLETIN

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7 June 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

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N Soviet oil: The USSR, which may have an estimated 620,000 barrels per day of crude oil available for export by 1965, is beginning to prepare facilities which will put the Soviet Union in a favorable position to sell its petroleum in Western Europe.

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II. ASIA-AFRICA

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Iraq and Middle East Oil: The Iraqi Government is pressing the British-dominated Iraq Petroleum Company for a larger share of oil revenues. This action is in line with other recent changes in Middle Eastern oil concessions, changes which favor the local governments.

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Kashmir: The Karachi government may exploit mounting agitation by Kashmiri leaders in Pakistan for "peaceful" marches into the Indian-held part of Kashmir as part of a campaign to put pressure on Western countries during the next round of UN deliberations on the Kashmir issue. Pakistani authorities state they will try to suppress the "peaceful" marches, but they fear incidents.

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Tunisia-France: The French military in Tunisia expect De Gaulle will shortly make a "liberal" offer on the evacuation of French forces in Tunisia on a 'take it or leave it' basis. If Bourguiba rejects this offer, French forces plan to leave for Algeria "with flags flying, even if this means fighting their way out." It is doubtful that De Gaulle will make an offer which will be acceptable to the Tunisian Government.

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Algeria-France: De Gaulle's move to restrict the role of the public safety committees to the promotion of inter-racial unity in Algeria may lead to an early showdown with the all-Algeria committee.

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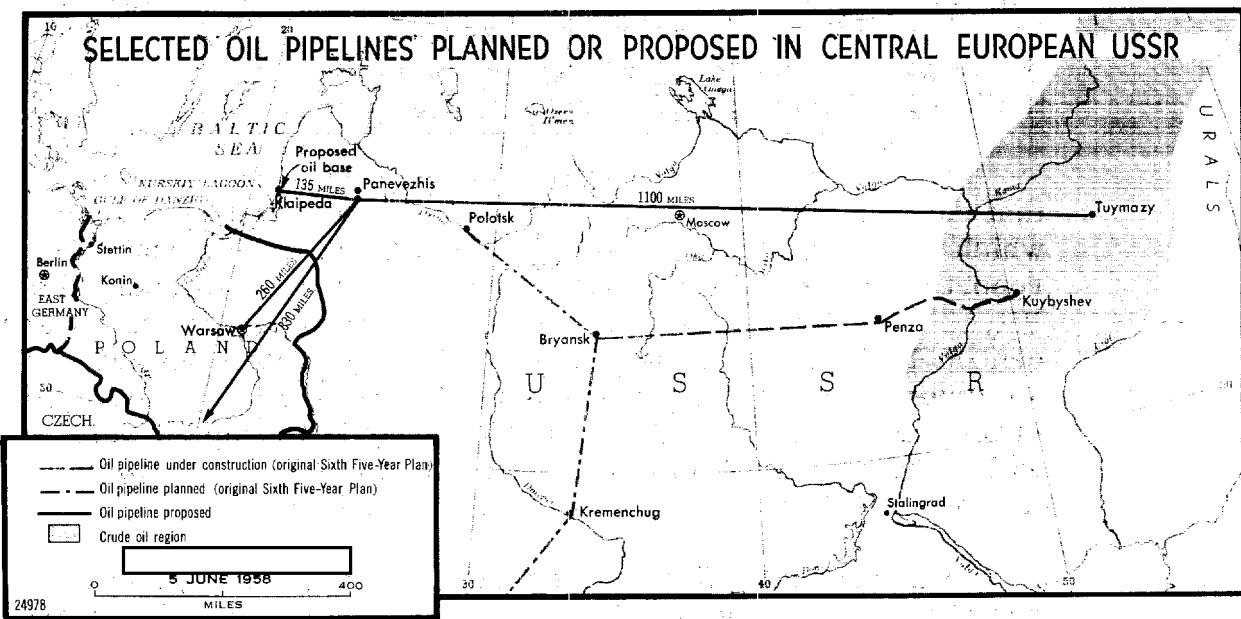
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DAILY BRIEF

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USSR Plans Pipeline to Baltic and Poland

The USSR apparently hopes by 1965 to supply a larger share of northern Europe's rapidly expanding petroleum requirements. It plans to construct an oil base at Klaipeda (Memel) on the Baltic Sea and has asked a Swedish firm to bid on a pipeline to connect the oil-rich Urals-Volga area with this port and with satellite refineries.

Exports of petroleum from the bloc to Western Europe increased from an average of 4,580 barrels per day (B/D) in 1950 to about 108,000 B/D in 1957. Further expansion, however, is restricted by limited transportation and processing facilities. Northern European countries presently require about 1.7 million B/D, most of which comes from the Middle East. They are expected to need 2.9 million B/D by 1965, when the USSR will probably have 620,000 B/D (net) available for export.

The original Sixth Five-Year Plan included a sizable program for construction of oil and gas pipelines, which probably represented the USSR's maximum capacity for construction. This may account for the invitation to the West to bid on the projected line to Klaipeda.

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Iraq Seeks Higher Oil Revenues

Iraqi government officials have begun a concerted effort to persuade the Iraq Petroleum Company (IPC) to increase Iraq's share of oil revenues. Government circles have criticized IPC for not being sufficiently aggressive in expanding Iraq's oil production and for failing to recognize that a change from the 50/50 profit-sharing principle is only a matter of time.

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Iraq's Minister of Finance Pachachi has called on the company to adjust the profit-sharing terms toward the 75/25 percent recently agreed on by an American company and the Iranian Government. Pachachi has already asked this company to make a proposal for rights in Iraq's offshore areas.

While the present trend appears to be toward rewriting the profit-sharing arrangement in existing contracts throughout the Middle East, this pressure can probably be resisted at least until one of the newcomer companies makes a major strike. A substantial success for the Japanese venture in the offshore waters of the Kuwaiti - Saudi Arabian neutral zone might well be the signal for the beginning of a general over-haul of existing concession agreements. There is now some evidence that the major Saudi Arabian offshore field of Manifa extends for a considerable distance into the Japanese concession area, which would increase the probability of an early Japanese strike.

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Indo-Pakistani Tension Over Kashmir

The threat by certain Azad Kashmiri leaders to stage a "peaceful" march across the cease-fire line into Indian-held Kashmir seems designed to increase pressure for stronger American and British support of Pakistan in the coming deliberations on the Kashmir dispute in the UN Security Council.

Former President Chaudhri Ghulam Abbas of Azad Kashmir--that portion of Kashmir held by Pakistan--has declared that a "volunteer" march across the cease-fire line would take place during the third week of June. A final decision is to be made at a meeting on 14 June. The current president of Azad Kashmir has opposed the crossing as a political stunt, which suggests that it may be a move by Abbas to regain political support.

Tension between India and Pakistan has been increased recently by a series of minor frontier clashes and belligerent statements. On 6 June the West Pakistan chief minister accused India of cutting off the water for some of Pakistan's canals and severely damaging 2,000,000 acres of crops.

Pakistani authorities state they will suppress the proposed march across the cease-fire line, but express apprehension over their ability to prevent serious incidents. As in the case of similar threats during the past ten years, Karachi probably will control any mass action as long as opportunities remain for exerting pressure on New Delhi through international channels. Increasing frustration and political instability in Pakistan, however, provide greater opportunities for irresponsible elements.

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De Gaulle and Algerian Extremists Possibly Nearing Showdown

Premier de Gaulle's attempt to crack down on the Algerian public safety committees and to buttress the constituted authorities, which the extralegal committees appear to have largely superseded since 13 May, may lead to an early showdown between the general and rightist extremists in Algeria.

De Gaulle's 6 June demand that the committees limit themselves to promoting inter-racial unity, and his apparent determination to separate the army in Algeria from the political role it has assumed, pose a direct challenge to the military and civilian extremists who so far have seemed to dominate the pace-setting all-Algeria committee. During the premier's 4-6 June visit to Algeria, these elements, supported by popular demonstrations, exerted strong--but apparently largely unsuccessful--pressure on De Gaulle to adopt their views on Algerian policy, to eliminate from his government "leftovers" from "the old regime," and to recognize the committees formally as virtual partners in his mission of "national renovation." Earlier, these extremists, for whom paratroop General Massu appears to be the principal military spokesman, had succeeded in eliciting from General Salan a statutory declaration explicitly conceding to the all-Algeria committee the right to "participate actively in the elaboration of decisions."

A statement by a committee spokesman on 6 June assuring De Gaulle that he had the committee's support "without conditions and without reserve" suggests that a split within the committee is likely should a real showdown materialize. On 5 June, Leon Delbecque, the organization's vice president and leading civilian extremist, took an almost menacing tone toward the general and declared "we shall go

all the way in what we undertook on 13 May." Delbecque is reportedly scheduled to go to Paris on 9 June, possibly for the purpose of soliciting support for the Algiers die-hards among rightists there.

In any ultimate test of strength, the bulk of the army and especially the local high command, which is most anxious to regularize its role with legitimate French authority, would almost certainly be loyal to De Gaulle. Top military leaders, concerned above all with preserving the army's unity, may nevertheless continue to be confronted with strong pressure from influential younger officers

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In addition, the American consul general in Algiers believes the psychological impact of the insurrection on the army--especially the weeks of fraternization with resident Europeans--may have been such as to practically preclude the use of many of these troops to control any demonstrations the extremists might organize to "influence" De Gaulle.

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III. THE WEST
No Back-up Material.

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